



Dykema Gossett PLLC  
Franklin Square, Third Floor West  
1300 I Street N.W.  
Washington, DC 20005

WWW.DYKEMA.COM

Tel: (202) 906-8600

Fax: (202) 906-8669

**Paul M. Laurenza**

Direct Dial: (202) 906-8646

Direct Fax: (855) 221-0916

Email: PLaurenza@dykema.com

MFR/PRVLBR NOTIFIED  
COMMENTS: ☒ YES ☐ NO  
OVERRULED: ☐ ATTACHED  
☒ EXCISIONS/FOIA EXS. 3, 4, A2  
DO NOT RE-NOTIFY ☒ RE-NOTIFY  
JB 7/10/15

August 29, 2014

Ms. Sheela Kadambi  
Compliance Officer  
Office of Compliance and Field Operations  
US Consumer Product Safety Commission  
Washington, DC 20207

Re: RP140448 - Daesung Celtic Enersys Co., Ltd.: Section 15(b) Report

Dear Ms. Kadambi:

This letter constitutes the full section 15(b) report of Daesung Celtic Enersys Co., Ltd. ("Daesung") pursuant to 16 CFR § 1115.13(d):

1. Person submitting full report

Paul M. Laurenza  
Attorney  
Dykema Gossett PLLC  
1300 I Street, NW, Suite 300W  
Washington, DC 20005  
202-906-8646 (tel.)  
202-906-8669 (fax)  
plarenza@dykema.com

2. Filing Firm Name

Daesung Celtic Enersys Co., Ltd. (formerly Daesung Celtic Co., Ltd.)  
313-69, Sanggok-Ri, Samsung-Myun, Eumsung-Gun  
Chungbuk. Korea, 369-834  
Phone: 82-2-2003-2351  
Fax: 82-2-738-9698  
Filing Firm is: Manufacturer

California | Illinois | Michigan | Minnesota | Texas | Washington, D.C.

EB 000570

**EXHIBIT A**

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U.S. Importer:

Challenger Supply Holdings, Inc.,  
a successor-in-interest to Quietside Corp.  
4500 Mercantile Plaza Drive, Suite #300, Fort Worth, TX 76137  
Kevin Park  
kevinp@challengersupply.com  
Phone 888-506-8808  
Fax 817-769-6226

3. Product Description

Generic/Physical Description of Product: Tankless gas water heaters (single and dual purpose)

Brands: Quietside; Coaire

Model/model nos.: All models

All models were sold in both the U.S. and Canada. Models were not sold in Puerto Rico or Mexico.

Price: \$520 - \$2000 (depending on model)

Certification/Standards information: Intertek ETL certification to ANSI/CSA standards

4. Defect/Problem Description

Incomplete combustion in the combustion chamber due to lack of oxygen may occur as a result of one or more conditions which may or may not be related to any defect in the units. These conditions are: (i) the intake pipe drawing outside air is blocked or choked with foreign material(s) such as snow or ice; (ii) exhaust gas enters (i.e., blows back) into the intake pipe with air flowing into the intake pipe; or (iii) LPG (liquefied petroleum gas) is incorrectly used in an LNG (liquefied natural gas) type water heater. Incomplete combustion may cause generation of soot in the heat chamber and vibrations.

Buildup of soot within the combustion chamber may interfere with the unit's ability to heat water to the temperature set by the user and may thus result in overheating of the unit as it continues to operate. Vibrations generated by incomplete combustion may

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EB 000571

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result in displacement of the ceramic barrier at the rear of the unit which is designed to prevent heat transfer outside the combustion chamber. This may result in overheating of the back side of the water heater casing.

5. Description of Possible Injury or Risk

Overheating of the water heater may create a risk of burning the wall on which the unit is mounted if the wall is comprised of a combustible material such as wood.

6. How and When Discovered

As of the date of this report, 40 known incidents may be related to incomplete combustion in the units. The first known incident was reported to the U.S. importer in November 2011 and involved soot on the mounting wall. This incident, however, appeared to be an isolated incident. No other incidents had occurred previously or until 2013. The other incidents with known dates occurred in 2013 and 2014, the majority of which occurred in 2014. Four incidents involved burns to the mounting wall. Two incidents involved a reported fire and property damage. See attached spreadsheet summary of incidents.

7. Total number of incidents

See response to number 6 above and attached spreadsheet.

8. Injury information

No injuries have been reported.

9. Distribution of Product

Nationwide through network of independent dealers.

Total Number of Products Involved: 28,717 (765 with importer; unknown number with dealers and consumers).

10. Production/distribution/sale dates

Production: June 2008 – Feb. 2014

Sales to consumers: July 2008 – Aug. 2014

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Product manufactured in Korea

2,185 units were also distributed in Canada. Health Canada was notified separately on August 18, 2014.

11. Information regarding product changes, etc.

Starting with production in August 2013, newer models were equipped with a bimetal on the surface of the heat exchanger which switches off the electrical circuit in the event of an overheating condition, and a thermal fuse as an additional shutdown protection in the event of overheating. Units were also accompanied with an updated installation manual advising installers to use an extended PVC intake pipe directed away from the exhaust pipe (the PVC intake pipe is not provided with the unit but is left for the installer to provide at the time of installation (installers in all instances are responsible for installation consistent with local code requirements). See also paragraph 13 below.

12. Information provided or to be provided to purchasers

Challenger Supply Holdings, Inc. notified all of its sales representatives and distributors of this issue on August 25, 2014. A draft recall news release, retail store poster, and direct consumer notification letter were provided to the CPSC by e-mail on August 28. See also Paragraph 13 below.

13. Details regarding (a) corrective action; (b) product disposition

(a) Daesung, in cooperation with the U.S. importer, will perform the following field repairs of the units: (1) All units not equipped with the bimetal on the surface of the heat exchanger will be retrofit with this component; (2) units will be retrofit as necessary with an extension to the intake pipe to address the issue of backflow of exhaust gases into the intake pipe; and (3) a modified thermal fuse will be added to the units between the back wall of the combustion chamber and the casing of the water heater as an additional precaution in the event of an overheating condition.

(b) Since the remedy will be product repair, there will be no destruction/disposition issue.

14. Explanation of distribution and marketing

See paragraph 9 above.

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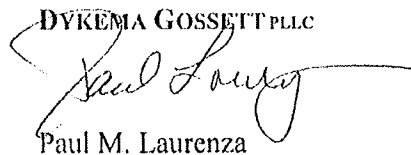
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15. Listing of distributors

A confidential listing of independent distributors for these products will be provided.

Sincerely,

DYKEMA GOSSETT PLLC

A handwritten signature in black ink, appearing to read "Paul Laurenza", is written over the printed name.

Paul M. Laurenza

PML/srh



DAESUNG CELTIC ENERSYS CO., LTD.

313-69 SANGGOK-RI, SAMSUNG-MYUN  
EUMSUNG-GUN, CUNGBUK, SOUTH KOREA  
Home page: www.celtic.co.kr

### Delegation of Authority

Daesung Celtic Enersys Co., Ltd. (formerly Daesung Celtic Co., Ltd.)  
313-69, Sanggok-RI, Samsung-Myun, Eumsung-Gun  
Chungbuk. Korea, 369-834

I Bongsick KO hereby certify that I am President of the above-named company and that as such I am authorized to sign documents and to certify on behalf of said company the accuracy and completeness of information in such documents.

Pursuant to the power vested in me, I hereby delegate all or, to the extent indicated below, a portion of that authority to the person listed below.

This delegation is effective until revoked in writing. Authority delegated to:

Paul M. Laurenza  
Attorney  
Dykema Gossett PLLC  
1300 I Street, NW, Suite 300W  
Washington, DC 20005

Extent of authority: Submit all documents/information to and/or communicate with the CPSC on behalf of Daesung Celtic Enersys Co., Ltd. to the extent required under Section 15(b) and other relevant provisions of the Consumer Product Safety Act.

August 18, 2014

Signed

Name / Signature: Bongsick KO

A handwritten signature in black ink, consisting of stylized, overlapping strokes that form the name Bongsick KO.

Address: 313-69, Sanggok-RI, Samsung-Myun, Eumsung-Gun Chungbuk. Korea, 369-834  
Title: President

EB 000575



*U.S. Consumer Product Safety Commission – Recall with Health Canada*

**Recall Date:** November 13, 2014

**Recall Number:** 15-026

## **Tankless Water Heaters Recalled Due to Fire Hazard; Manufactured by Daesung Celtic Enersys; Distributed Exclusively by Challenger Supply Holdings**

### **Recall Summary**

**Name of product:** Tankless gas water heaters

**Hazard:** The water heaters can overheat, posing a fire hazard.

**Remedy:** Repair

**Consumer Contact:** Challenger Supply Holdings at (800) 729-6118 between 7 a.m. and 6 p.m. CT Monday through Friday or online at [www.challengersupply.com](http://www.challengersupply.com) and click on “Product Recall” for more information.

### **Recall Details**

**Units:** About 29,000 in the United States and 2,200 in Canada

**Description:** This recall involves all models of single- and dual-purpose Coaire and Quietside brand tankless gas water heaters. The recalled water heaters heat either 4 or 7.2 gallons of water per minute. They are white and come in the following dimension ranges: 25-28 inches tall x 15-19 inches wide x 8-14 inches thick. The words “S-Line Condensing” are on the top front and brand names “Coaire” or “Quietside” are on the bottom front of the recalled water heaters.

**Incidents/Injuries:** Daesung has received 40 reports of the units overheating, including four involving burns on the wall where the heater was mounted and two involving fires and property damage. No injuries have been reported.

**Remedy:** Consumers should immediately stop using the recalled water heaters and contact Challenger Supply Holdings to arrange for a free repair.

**Sold by:** Independent dealers nationwide and on various websites including Amazon.com from July 2008 through August 2014 for between \$500 and \$2,000.

**Importer:** Challenger Supply Holdings Inc., of Fort Worth, Texas (successor to Quietside Corp., of Santa Fe Springs, Calif.)

**Manufacturer:** Daesung Celtic Enersys Co. Ltd., of Chungbuk, Korea

**Manufactured in:** Korea

**Note:** Health Canada's press release is available at <http://healthycanadians.gc.ca/recall-alert-rappel-avis/hc-sc/2014/42147r-eng.php>.

[Below is standard language that appears in all recall announcements.]

The U.S. Consumer Product Safety Commission is charged with protecting the public from unreasonable risks of injury or death associated with the use of thousands of types of consumer products under the agency's jurisdiction. Deaths, injuries, and property damage from consumer product incidents cost the nation more than \$1 trillion annually. CPSC is committed to protecting consumers and families from products that pose a fire, electrical, chemical or mechanical hazard. CPSC's work to ensure the safety of consumer products - such as toys, cribs, power tools, cigarette lighters and household chemicals - contributed to a decline in the rate of deaths and injuries associated with consumer products over the past 40 years.

Federal law bars any person from selling products subject to a publicly-announced voluntary recall by a manufacturer or a mandatory recall ordered by the Commission.

To report a dangerous product or a product-related injury go online to [www.SaferProducts.gov](http://www.SaferProducts.gov) or call CPSC's Hotline at (800) 638-2772 or teletypewriter at (301) 595-7054 for the hearing impaired. Consumers can obtain news release and recall information at [www.cpsc.gov](http://www.cpsc.gov), on Twitter @USCPSC or by subscribing to CPSC's free e-mail newsletters.

#### Photos

*[Photos will display in a slideshow at the top right of the recall.]*

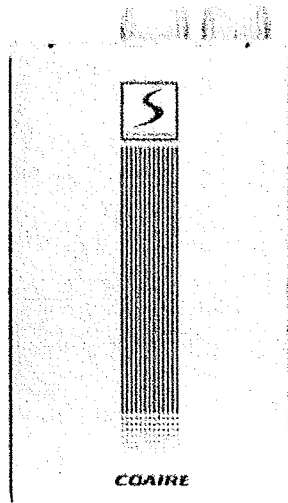


Photo 1: Coaire tankless gas water heater

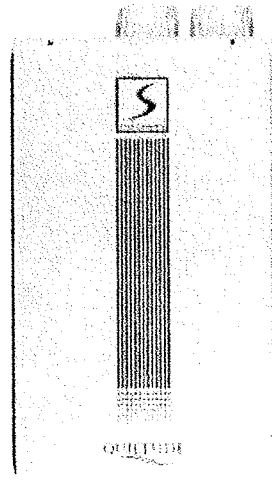


Photo 2: Quietside tankless gas water heater

**Right Rail:**

Box #1:

**CPSC Consumer Information Hotline**

Contact us at this toll-free number if you have questions about a recall:

800-638-2772 (TTY 301-595-7054)

Times: 8 a.m. – 5:30 p.m. ET; Messages can be left anytime

Call to get product safety and other agency information and to report unsafe products.

Box #2:

**Media Contact**

Please use the phone numbers below for all media requests.

Phone: (301) 504-7908

Spanish: (301) 504-7800

Link Text: View CPSC contacts for specific areas of expertise

Box #3:

**Stay Connected**

CPSC Social Media icons

Box #4:

**Report an Unsafe Product**

We are still interested in receiving incident or injury reports that are either directly related to this product recall or involve a different hazard with the same product.

Additional Boxes: (These boxes in design, but not yet implemented):

In the future, CPSC plans to add automated safety tips and safety resource boxes to all recalls based on the high-level product category that this product falls in. Examples of high-level product categories are Toys, Baby Products, Sports Equipment, etc.